

SEE DRY LID DELAY IN TAX STAMP SALE

**Saloon Men Take a Chance on
Business Continuing Until
Next January.**

FIND HOPE IN ROPER RULE

**Explanation, However, Shows
Risk Is on Liquor Men
With No Immunity.**

The optimism of the liquor trade, or the hope at least that something will turn up between now and July 1 which will permit the business to continue until the Eighteenth Amendment goes into effect next January, was reflected yesterday by the rush of saloonkeepers to buy special tax stamps covering the sale of liquor for twelve months beginning July 1. This rush was proof that the saloonkeepers are willing to gamble with destiny as they cling to the hope that Congress or the President, or somebody else something may save their bacon for the rest of 1919.

Daniel C. Roper, Commissioner of Internal Revenue, has issued special instructions from Washington that collectors may continue to sell tax stamps at the risk of the purchaser. Collector William H. Edwards of the Second Internal Revenue District received the instructions June 14, and since that time applications for stamps have poured into his office at the Custom House. The stamps themselves will be ready for delivery within a week, Mr. Edwards' deputies said yesterday.

Saloon men seemed to be jubilant yesterday when they talked about the possibilities of the situation. Some of them take the view that Commissioner Roper "knows something"; that he is on the "inside," as they put it, and that they will get some good news from Washington before the prohibitionists start the big dry dance at midnight June 30.

"My impression from the beginning has been that the President will find a way out," said one of these dealers yesterday. "And the action of Commissioner Roper in offering for sale stamps that are good only after July 1 confirms my belief. Roper knows what is going to take place and he is merely getting his office machinery ready for it."

Retailers must pay \$25 each for these special stamps and they cost \$100 each to wholesalers. They must be bought in addition to the regular licenses. In this State the liquor dealers have State licenses good until October. But if they only sell at all after July 1 they can only do so by buying special tax stamps which are issued every year on July 1. The stamps are for the Federal tax, and the license constitutes the State tax.

One of Collector Edwards' deputies threw some cold water on all this optimism when he said last evening: "It should be noted by all concerned that Commissioner Roper explicitly states that stamps are to be sold to liquor dealers if they insist, and that the stamps will not give immunity from prosecution for violations of the Federal or State laws. If by any chance the sale of liquor shall continue, the stamps will not be a substitute for the tax laws, but if wartime prohibition continues to be in effect then the buyers will be the losers, for no rebates will be given on these stamps. Moreover, if they violate the law the possession of stamps will be no security for them."

**BEER AND WINE
LOSE IN SENATE**

**Vote 55 to 11 Against War
Time Exemptions.**

Special Despatch to The Sun.
WASHINGTON, June 18.—Senator Phelan (Cal.), Democrat, tried to-day to add a rider to the Agricultural Appropriation bill exempting wine and beer from war time prohibition, but his motion was tabled by a vote of 55 to 11. The eleven who voted against tabling the resolution were:

Republicans—Calder (New York), Edge (New Jersey), France (Maryland), Knox (Pennsylvania), La Follette (Wisconsin), Phelan (California), Wadsworth (New York).
Democrats—King (Utah), Reed (Missouri), Thomas (Colorado), Williams (Mississippi).

Mr. Phelan later said: "This settles the fate of prohibition in Congress."

The repeal bill as to war time prohibition, he explained, still stands and will be pressed, but he admitted that the Senate vote made it clear that he had no chance. The President has said he has no authority to proclaim demobilization ended and so automatically nullify the war time prohibition act.

The House Judiciary Committee agreed to-day to vote Saturday on a proposal by Representative Gard (Ohio, Dem.), which would authorize the President by proclamation to modify the war time prohibition law in so far as it relates to the manufacture and sale of beer and light wines. There was no discussion of the proposal, offered as an amendment to the prohibition enforcement bill, and consideration went over by consent.

Low priced shoes will be advanced proportionately. Even in these days there are some qualities selling at \$3.50 or \$3.75 a pair. A retailer who handles such shoes in great quantities says that he is now casting his net from \$1 to \$1.75 more than he did a year ago.

John Slater, president of the retail dealers association and a manufacturer as well, speaking yesterday of the reasons for these conditions, said that five weeks ago he bought leather at 82 cents a foot which has now advanced to \$1.14. "The European demand for American leather is tremendous," he said. "Agents from abroad are buying everything they can get hold of at any price. I know of one agent in Paris who formerly bought American stock in 100,000 feet at a time. There is a huge lot of leather tied up in Russia, but nobody knows when it will be released."

An officer of another manufacturing firm which has its own retail stores and also sells to 5,000 other stores throughout the country said the supply of sole leather was fairly adequate but upper leather was hard to get at any price. Tanners were paying three times as much for hides as they did formerly, and whereas all shoe factories used to be overrun with leather, tanners now are manufacturing had to go to the tanners and were lucky to get any leather at that on a "take it or leave it" basis.

America used to be the best source of leather for France and Germany. When the war shut off this supply American leather manufacturers so improved their methods that their goods are now considered as the best and in Europe is now commanding better prices than the home made article. Similarly Europe is taking all the American shoes it can get.

feeling that the United States is simply able to take care of any situation under the Monroe Doctrine that may arise in Mexico.

It developed that President Wilson had gone on record at Paris as opposing any plan whereby the United States would be the Power chosen to take a mandate over Mexico. The reason for this policy are understood to be that the effect of such action by the United States would be cause of apprehension by other Latin-American republics and would be open to the charge of "selfishness."

With the United States barred from assuming responsibility Mexican inability under the League of Nations mandatory scheme the logical Power to be selected would be Great Britain, according to some of the diplomats. Admittedly from the viewpoint of America's traditional policy or from the viewpoint of the League of Nations creed and the new international interpretation of the Monroe Doctrine, the idea might be sustained as logical and in complete harmony with the new order of things.

State Department's Stand.
The State Department made public the following statement regarding Mexico: "Strong representations have been made by American officials in Mexico to the Mexican Government for the protection of Americans in the disturbed area of that country. A despatch received by the Department of State to-day from Juarez states that Juarez is quiet and that there is no evidence of ill feeling on the part of the Mexicans there toward Americans."

"The press of Mexico city published yesterday the particulars of the action of the United States troops in crossing the border at Juarez in order to protect the lives of American citizens and there was no editorial comment on the attitude of the United States. A resolution to interrogate President Carranza on the subject of the action of the troops is said to have received practically no support in the Chamber of Deputies."

"A despatch from Laredo reports that Gen. Renaldo Garza, commanding officer at Nuevo Laredo, and his staff, accompanied by Gen. Gregorio Ojuna, made an official call yesterday on Col. Beaumont B. Buck, the new American commanding officer of that district. The Mexican Consul at Laredo, Tex., and the American Vice-Consul at Nuevo Laredo, Mr. Robertson, accompanied the party on this occasion. The meeting was very cordial and the call of the Mexican officers will be formally returned soon by Col. Buck. There was no feeling whatever apparent regarding recent developments and the call of the Mexican officers is reported to have been authorized by President Carranza."

"Consul Dow, at Juarez, formally reported to the department that all American forces have returned to United States."

The statement issued by Gen. Aguilar said: "The Mexican Government considers as closed the incident brought about by the crossing of American troops into Mexican territory, and has approved the manner in which this matter was treated here. The Department of State by confidential Ambassador Aguilar and charge d'Affaires Ad Interim Rojo."

In an interview Gen. Aguilar said: "Mexico cannot recognize it (the Monroe Doctrine) because it has never seen it as an international past between Mexico and the United States. The United States is not under obligation to safeguard Spanish American countries, but has maintained freedom of action as the best guarantee for the interests of its people."

Representative Emerson (Ohio) to-day introduced a house resolution commanding the Secretary of War for protecting American lives and property in the recent occupation of Juarez.

SHOES FOR FALL TO COST A FIFTH MORE

**Retailers See No Relief From
Soaring Prices for at
Least a Year.**

EUROPE TAKES LEATHER

**Demand Abroad for Both
Hides and Footgear Is Called
Tremendous.**

The war is not ended so far as shoes are concerned. It looks now as if leather footgear will cost this fall at least 20 per cent. more than the public is paying now.

Prices were seriously discussed by the New York Retail Shoe Dealers Association in the auditorium of the Bush Terminal sales building on Tuesday. Mr. Hutchins of Franklin Simon & Co. said the public ought to be warned that the present high prices would still be higher. He reported that wherever he went on a recent Western trip he found the demand for leather so far exceeding the supply that hides had been bought at a premium of the time when they would get into the hands of the manufacturer. He said that, by fall or soon after the public would be paying a pair for fine shoes that now can be had for \$18 or \$19.

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SAYS INCOME TAX VIOLATES N. Y. LAW

**Henry M. Powell Also Asserts
New Statute Contravenes
Federal Constitution.**

"HOME RULE" SET ASIDE

**Powers of Assessors Existing
Since 1777 Are Nullified, He
Tells Tax Conference.**

Special Despatch to The Sun.
CHICAGO, June 18.—Henry M. Powell, a former assistant corporation counsel of New York, and counsel to the Mills Committee on Taxation, in an address to the National Tax Conference at La Salle Hotel to-night styled the New York personal income tax law contrary to the State constitution and as violating the Constitution of the United States. Mr. Powell said it contravened the "home rule" principle by taking away the powers of local assessors over personal property and incomes, which they formerly exercised, and transferred them to the State Comptroller. These powers had existed from the beginning of the State government and local assessors were protected in these powers and in their tenure of office, under the constitution adopted by the State of New York in 1777.

"The assessment of income, like the assessment of property, has been the function of local assessors," said Mr. Powell, "and has been exercised in this State as far back as 1777, under Chapter 17 of the laws of that year, when local assessors taxed each person with an income of \$1,000 or over, on the 'advantage, profits or gains' made by 'trade, merchandise, traffic or manufacture,' at the rate of \$50 for each \$1,000. To permit incomes to be taxed by the State Comptroller, which is fixed by the State Comptroller, would therefore require a structural amendment."

The New York Constitutional Convention submitted to the voters of New York in 1915, an amendment, modifying the "home rule" provision to the effect that the Legislature shall prescribe how taxable subjects should be assessed (Article X, proposed constitution), and it is noteworthy that this proposed amendment received the most signal defeat of any submitted to the people of the State during the election of that year. By many it has been declared to be the reason for the defeat of the proposed constitution.

"The courts in the past have jealously guarded the 'home rule' principle and rendered numerous decisions upholding it, notably during the Tweed regime, in defeating the effort to take from the local authorities of New York the appointment of a tax commissioner and assessing it in the Governor of the State, (People ex rel. Raymond, 27 N. Y. 425). And again in preventing Westchester county from changing its tax assessing and collecting system. (People ex rel. Peckham v. Peckham, 215 N. Y. 274.)"

"The only extenuating cause that saved the State franchise tax act in 1905 from a like defeat by this provision of the constitution was that the Court of Appeals held that in the assessment of special franchises a new form of property was reached which was not known to local assessors of former days."

Mr. Powell expressed the opinion that should the court hold the New York income tax law to be a violation of the constitution, it would nullify and defeat the entire act, which could not be effectively administered in its present form by local assessors.

"There seems to be little doubt that New York may levy a tax upon its own inhabitants or residents based on the entire net income, whether derived from property, business or occupation," Mr. Powell went on. "In so far as non-residents are concerned, it may only levy a tax based on net income from sources within the State, i. e., within its jurisdiction, provided it does not contravene the Federal Constitution. In general, it may be said that the State of New York cannot prevent the citizens of a sister State from doing business in this State on any other basis than that accorded to her own citizens. The Federal Constitution has guaranteed this in the Fourteenth Amendment."

"The State of New York has copied

in its income tax law a provision taken from the Federal law, under which a non-resident of the State (like a non-resident alien under the Federal law) does not receive the personal exemption of \$1,000 or \$2,000. But there is a distinction between the authority of the State over a citizen of another State and that of the United States in relation to a non-resident alien. The Federal Government can prevent aliens from coming into this country and it may deport them, but the citizens of another State occupy no such anomalous status. The New York State income tax law in computing the net income of a non-resident does not permit the deduction of all losses, although the non-resident may have sustained losses in other States to such an extent as to reduce his entire income from all his property so that there were he a resident of the State he would not be required to pay any income tax at all.

"The difficult point in the New York Income Tax Law is the situs of the income derived from non-residents' salaries or earnings from professions or occupations carried on in the State. Can these be said to be from sources within the State? A citizen of another State is in a different position from a foreign corporation doing business within the State, that must obtain a certificate before it may be permitted to do business in the State."

"The Federal courts have repeatedly held that an agent delivering goods, or a commercial traveler or drummer making sales in the State, is not a non-resident from his profession or business or occupation be considered the light of a sale of service, and is not the State's exaction of the tax an interference with commerce? A lawyer may write his brief in New York and render his bill from his New York office. An architect or designer may formulate his plans or complete his designs at his home in Connecticut and be entitled to his fee or salary at his New York office. An editor may write his editorials in Pennsylvania, calling at his city office periodically to receive his salary."

"The Comptroller of the State of New York has already recognized the Constitutional weakness of his position by promulgating regulations in explanation of the new law under which a non-resident salesman, drummer or other employee may apportion his earnings on the basis of business transacted and time consumed. Mere regulations, however, do not go far enough. There is a basic and fundamental principle which this provision of New York's income tax law violates."

"The question of interstate commerce as applied to the imposition of the State income tax on non-residents is vitally important in relation to occupation and labor. The Federal Constitution grew out of the necessity for freedom of commerce among the different States, and a limitation on occupations and labor among these equal sovereignties, the only involves a legal question of jurisdiction, but matters of great economic concern."

"What position the New York courts will take on the new law in relation to the two important phases in which it apparently violates the State and Federal Constitution, respectively, it is difficult to predict. On the State constitutional question they may pass before they overthrow the entire act involving some \$30,000,000 to \$40,000,000 of assessments. The Federal question, however, is bound to go to the United States Supreme Court because it not only involves the fundamental contractual relations between one citizen and another, but will determine the conflicting rights of jurisdiction in the several States."

VILLA HOLDS RAILROAD.

**Bandit Chief Moves to Southwest
of Juarez.**

EL PASO, TEXAS, June 18.—Agents here claimed late to-day to have received a communication from Villa's column in the field southwest of Juarez. They located the Villa headquarters at a point near Villa Ahumada and said Villa still controlled the railroad at that point.

It was admitted that a part of the Villa column was moving into the Galeana district, but that Villa was near his former base at Villa Ahumada yesterday.

Boston-Buenos Ayres Service to Begin.
BOSTON, June 18.—The steamship Lake Flynn arrived to-day from Chicago to initiate a new service between this port and Buenos Ayres. It is expected that other vessels of the United States Shipping Board will be assigned shortly for the South American service, which the wool trade is supporting.

SMITH YIELDS TO JERSEY TAX CLAIM

**New York Executive Tells
Gov. Runyon Error Should
Be Corrected.**

SEEKS ONLY FAIR LAW

**Says Legislature Should
Amend Measure to Prevent
Injustice to Non-Residents.**

Gov. Smith at Albany yesterday made answer to a message from Gov. Runyon of New Jersey in which objection was made to alleged discriminatory parts of the New York State income tax law. The answer was a step in negotiations between Albany and Trenton that have been marked in the latter capital by threats of retaliatory legislation and of litigation.

Thousands of residents of New Jersey who receive salaries or incomes in New York city will be assessed under the new law. Their protests have been directed at alleged discrimination which, they asserted, will cause them to pay twice as much on a given sum as residents of New York State.

Gov. Smith admitted that there is a possibility of injustice toward non-residents in the law and also an error which should be corrected. He said: "There seems to me to be but one possible injustice and one error in the provisions of the New York income tax as applied to non-residents. Provision should be made, it seems to me, if it is practically possible, for the \$1,000 and \$2,000 exemptions, to apply to non-residents who receive their whole income in the State of New Jersey. Provided an equal exemption is not granted in the place of their residence."

"By inadvertence, also, the withholding agent in the case of the non-resident is required, unless the non-resident pays his tax directly, to deduct 2 per cent. in the case of incomes under \$10,000, whereas the tax payers have been directed by the bill to fix at 1 per cent."

"For incomes under \$10,000, this error in the bill, as well as the possible injustice above mentioned, can be corrected and should be corrected, I think, at the beginning of the next legislative session in January, two months before the first tax must be paid so that the non-resident taxpayer need not suffer any actual injustice."

"We have sought in the provisions to make the act both friendly and equitable. The act provides that non-residents shall have related to them any tax on New York incomes, which may be imposed by the State of the taxpayers' residence. The act provides that the State of the taxpayer treat New Yorkers in a substantially similar way. In the meantime we only desire in the most friendly spirit to remove the question from the hands of him of legal, social and physical protection and for the opportunity offered to him to accumulate wealth and do business and make earnings in the State of New York."

Gov. Runyon asked Gov. Smith to recommend the repeal of the alleged discriminatory provisions to a special session of the Legislature, but the extraordinary session had been adjourned before the request was received.

From Trenton yesterday word came that pending the receipt of word from Gov. Smith explaining his position Gov. Runyon had asked Attorney-General Mexican to prepare an opinion on the constitutionality of the New York State income tax law.

Gov. Runyon has expressed in speeches a determination to do everything in his power to relieve citizens of New Jersey, who do business in New York, from the provisions of the New York law. He has said that if negotiations fail, a contest will be instituted in the courts.

A number of chambers of commerce and civic organizations in New Jersey have attacked the law and expressed the determination to support Gov. Runyon in whatever he may do to upset it so far as it applies to residents of New Jersey.

Another Submarine is Launched.
BRIDGEPORT, Conn., June 18.—The United States submarine R-26 was launched this afternoon from the yards of the Lake Torpedo Boat Company. This is the third boat completed here this year. Mrs. J. W. Barnett, Jr., acted as sponsor.

Macy's
Herald Square, Broadway.
Sells to \$100.00.
We Sell Dependable
Merchandise at Prices
Lower Than Any Other
Store, but for Cash Only.
Store Opens 9:00 A.M.
and Closes 5:30 P.M.



CLASS

To this fellow, eh, what? He knows what kind of bag goes with a good "tip," he does. And he's a fellow in whose favor you want to be right from the start. But the bell-hop isn't the only one upon whom a smart traveling bag makes an impression.

And you can't afford not to take advantage of the impression-making possibilities of smart luggage.

Oxford Cowhide Bags
have all the superiority of quality suggested by the somewhat slangy "class" at the top of the column.

They have sewn-in frames, reinforced sewn-on corners and braced trimmings. These bags are leather lined and have three pockets. Size 20 inches. \$20.74

Traveling
For your health, for pleasure or on business you cannot fail to appreciate an Oxford cowhide bag like this. Made of hand-boarded cowhide with sewn-in frames and sewn-on corners. This bag has a double handle and is lined with fancy cloth. Size 18 in. \$46.50

Pack Up Your Troubles.
in a new kit bag, but see that it's one of our hand-boarded cowhide kit bags with reinforced corners, padded lining and straps going all around.

Size 26 inches. This bag is truly the correct piece of luggage for a particular man who demands a smart appearance as well as utility. Ours satisfies for both. \$49.50

All bags in excess of \$25.00 are subject to the Government tax of 10% on the excess.

For the Fellow Who's Going to Camp

we have camp trunks, the sort a boy wants—and needs—the sort that will stand up under severe wear, the compact trunks that hold more than they seem to.

They are made of selected basswood, fibre covered and interlined, with corners protected by steel clamps. They have divided trays—a handy feature.

Size 31x17x13 in. \$8.24
Size 36x21x13 in. \$13.74
Rmrs.—Fifth Floor, 31th St., N.Y.C.

**A sound diet
for any motor-
quick firing-
clean-power-full**

**SOCONY
MOTOR GASOLINE**

See Wednesday's issue of the New York Sun
for a list of dealers who display the SoCony sign.



The sign of a reliable dealer
and the world's best Gasoline